RICHARD RUSSELL'S **DOW THEORY LETTERS, INC.**

P. O. Box 1759, La Jolla, California 92038
Minimum of 26 Letters per year – $185 Annually
Registered with the Securities and Exchange Commission

August 25, 1982 **LETTER 842**

Aug. 13, DJIA 788.05; PTI 1230; A-D Ratio -28.80
Aug. 20, DJIA 869.29; PTI 1254; A-D Ratio –26.68

THE PICTURE: Last week (August 16-20) the stock market went through a rare week of panic on the upside. The statistics were astronomical; the Dow was up 81.24 points on total NYSE volume of 454 million shares or an average of 90 million shares per day. In 35 years of watching markets, I've seen a number of stock market explosions (none on this scale)–my reaction is as follows: I pick a quiet room away from all telephones, and I sit myself down in a comfortable chair. I spread a few key charts out before me, and I pretend I'm living in the year 2000–looking back at a moment of stock market madness. Then I ask myself, "What did it all mean?"

Here's what I see. The D-J Industrial Average recorded a bear market low of 776.92 on August 12. On the same day the D-J Transportation Average recorded its bear market low of 292.12. From there a mild two day rally occurred. This was followed by the so-called "Henry Kaufman upside explosion" of August 17-20.

Under Dow Theory, once *new lows* are recorded by both Industrial and Transports the significance of all previous levels is wiped out. With new lows, we have, so to speak, "a new ball game." That was the situation as of August 12. The test of the primary trend, from the standpoint of price action, is what happens AFTER the initial rally off the lows. Once the rally is over, there will be a downward correction. If this correction holds above the previous lows and the two Averages then push up above the preceding rally highs–a bull market is signalled. A failure to hurdle the highs, and then a new breaking of the lows, of course, reconfirms the primary bear market.

As this is written we are in the initial rally off the August 12 lows. From a Dow Theory standpoint, we rely on a time-honored rule: it is that THE PRIMARY TREND IS CONCEDED TO REMAIN IN FORCE UNTIL PROVED OTHERWISE. So far, no "otherwise" has been seen. It's STILL a bear market.

In the face of all manner of prevailing bullish arguments, I also note the following: (1) During the 15 trading days leading to the

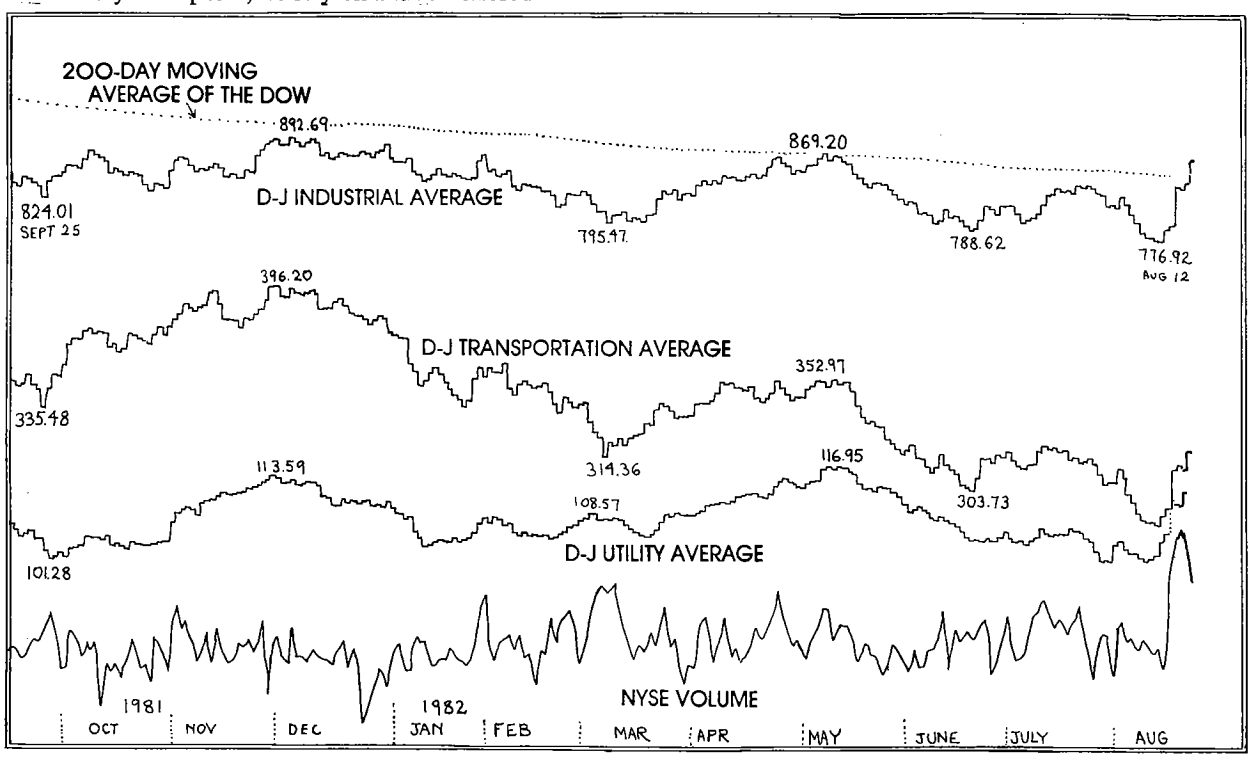
FRONT PAGE COMMENT: Few people realize it, but the total earnings (profits plus losses) for the thirty Dow Industrial stocks during first quarter 1982 were $14.82 (table from Barron's). This represents a drop of 52.8% from first quarter 1981! If this earnings trend continues, we could see total Dow earnings for 1982 at $60 to $75 (vs. $113.71 in 1981).

In 1974 the D-J Industrial Average recorded its low on December 6 at 577.60. The worst earnings for that recession occurred in the first quarter of 1975 or in the quarter following the final Dow low. On the principle that the market looks ahead, it is well to note (in the current situation) that the Dow recorded new bear market lows during August or in the third quarter. This leads me to believe that we will see poor Dow earnings for the second quarter of 1982 (the statistics are not in yet), in the current third quarter and in the coming fourth quarter of 1982. All in all, it should be quite a year–and the final Dow earnings for 1982 could be a shocker.

EARNINGS
DOW-JONES AVERAGES

INDUSTRIAL AVERAGE

	1982	1981	1980	1979	1978
1st qtr	14.82	31.40	29.66	33.35	22.04
2nd qtr	....	35.49	30.18	34.55	29.66
3rd qtr	....	23.26	28.85	33.67	26.40
4th qtr	....	23.56	33.17	22.89	34.69
Total	....	113.71	121.86	124.46	112.79

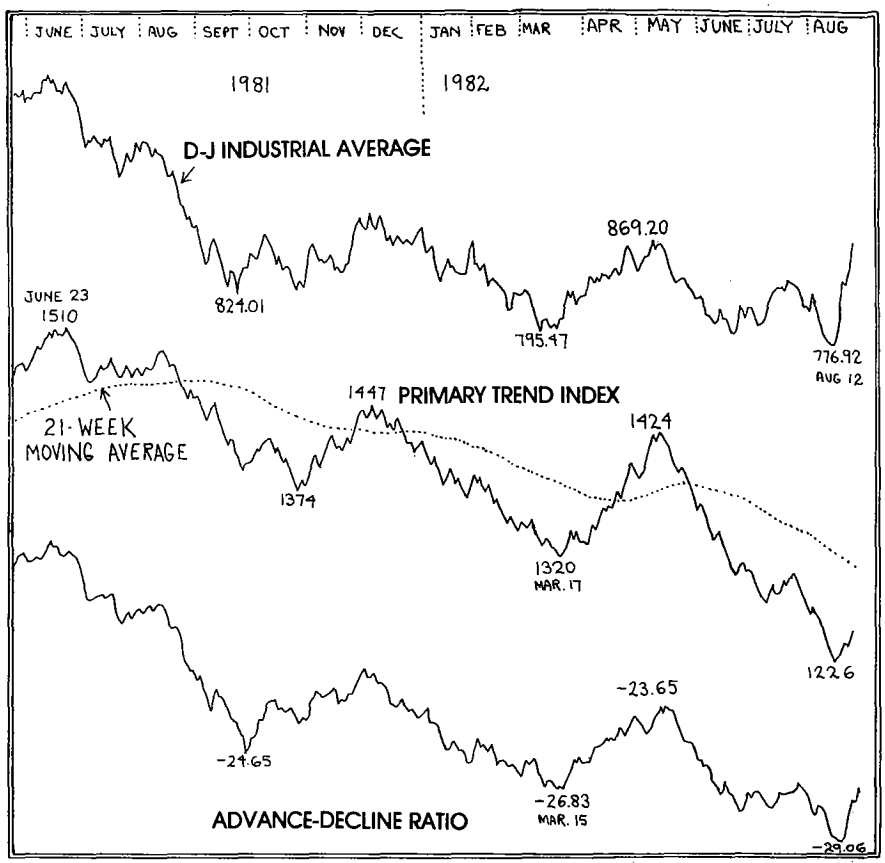


August 12 low, the breadth on the NYSE (A-D ratio) was down on 14 days or 93% of the time. This fantastic downside compression paved the way for the upside (corrective) explosion of price and volume on August 17 and 18.

(2) The stock market is very rarely taken by surprise. Dr. Henry Kaufman's belated reversal of stance on interest rates was a stunning surprise to Wall Street. In the face of the preceding A-D (downside) compression and the Kaufman flip-flop, the market roared heavenward on August 17 to 20. It was an institutional buying panic.

(3) The stock market made financial headlines everywhere following the August 17 and 18 action. The headlines came only three days after the August 12 lows in the Averages. Such "bell ringing" is seldom seen at the birth of a primary bull market.

(4) I have been warning about the dangers of putting out shorts and speculating in puts. Playing the bear's side is not the easiest way of making money despite what you may have heard ("if you can make it on the long side, you can make it just as easily on the short side"). During July and early August shorting and put buying became the rage. The stock market has a simple but brutal way of handling too many amateur bears. It drives them to the wall with earth-shaking rallies and thunderous volume.



(5) At the August 12 low the Primary Trend Index (PTI) was 96 points below its 21-week moving average (see chart). That was far too big a spread, and a correction was needed. We got it. But so far, the PTI rally has been sub-standard. What I want to see is whether the August 12 PTI low of 1226 is taken out–or whether it holds. That will take time.

Question: Russell, then you're saying that you think we're seeing a spectacular rally in a bear market?

Answer: Yes, that's what I think we're seeing. The bear position became too widely accepted, too many people noted how bad the economy was and how rotten corporate earnings were. So they started shorting, buying puts, hoarding cash. When the bear saw that, he decided to "let up" for a while. The result–rockets on the upside and a rally that "looked better" than anything we might see in a true bull market.

Question: Russell, what would you want to see in order to change your mind about the bear market?

Answer: I don't believe in being pig-headed or stubborn. Just as speed kills on the highway, stubbornness kills on Wall Street. Remember, on August 12 almost all the averages and indicators hit new lows. That isn't the kind of action we see at a bear market low. At a bear market low we usually see divergence, various averages and indicators disagreeing, many of them refusing to break to new lows. In other words, we see selective weakness rather than general weakness in the technical picture.

Question: If that's true, Russell, are you implying that the market is going to go down again?

Answer: If the primary trend remains down (and I think it will), then by definition we haven't seen the lows for the averages and for most stocks. But let's say that August 12 was the ultimate bottom for this bear market. Then the odds still heavily favor another decline in which the lows of August 12 will be tested.

For instance (and most soothsayers forget this) in 1974 in October the Dow hit a low of 584.56. Six trading days later it had exploded to 674 (up 90 points)! But by December the Dow had fallen back to 577.60. It was here that the Transports refused by a wide margin (13 points) to confirm on the downside. That was the place to buy. That was dramatic divergence amid black pessimism.

Question: So you're saying, Russell, that even IF this is a bull market the Averages should come back to test the lows?

Answer: Yes, even if a new bull market began on August 12 (and I am very dubious) the market should come back to test the lows–at which point some of the indicators we follow will refuse to confirm on the downside.

Question: What about market sentiment?

Answer: Here again, one must be suspicious. At a primary bear market bottom everyone is gloomy, hopeless. It takes all your courage, all your guts to go out and buy stocks. And a month later (even assuming you bought correctly) you're still tossing at night, still sweating out the market. Why? Because the news is horrendous and you're wondering why you put yourself through all this–just for money. That's what a true bear market bottom and a new bull market looks like and feels like. I don't think that compares with the complacency and stubborn optimism of today.

Question: All very interesting, Russell, but what do you think is causing this hysterical market action?

Answer: The market's function is to discount the future–to adjust to coming conditions. We're in a situation now (and I've said this many times before) in which the forces of inflation and deflation are meeting head on. To put it more strongly, this nation must hyper-inflate or sink into depression. I think those who were skeptical when I made this statement in 1980 ("inflate or die") are more apt to believe me now. There is no middle ground, there is no standing still. Government spending is mounting, military spending and transfer payments are rising, and the deficits are compounding. The fact is that Reaganomics isn't working–as witness the $98 billion new tax bill. The bill is simply Reagan's way of admitting that he has failed to cut spending. So that's one side of the coin, the side that says that the Government, in its spending mania, will ultimately sop up all savings and available cash–and throw the country into depression.

The other side of the coin is the Fed's reaction to today's slumping economy, shaky banking system and multiple bankruptcies. That reaction is to bring down interest rates, flood the banking system with liquidity, hold up failing institutions and literally pass money out the window. This is the path to hyper-inflation. But the fact is that it is taking more and more bank credit to bail the nation out of each succeeding recession, and each economic expansion is weaker than the last.

Right now we're in middle ground–midway between hyper-inflation and depression. Middle ground in the economy and in the stock market is characterized at this point by violence. There's violence in the economy (bankruptcies, panics, layoffs, plant closings), and there's violence on Wall Street via market slumps and explosive rallies. We see the same thing in the bond market, where in the past two years we've seen some of the biggest collapses and the biggest rallies in bond market history.

Question: Isn't there an answer to all this economic chaos?

Answer: You mean isn't there a painless answer. No there isn't. You know, when you go to a party and hang around for three days drinking champagne and eating cakes and cookies, you're going to have a fearful hangover to get rid of, and you're going to have a lot of extra weight to take off. That's where we are now in the economy. On top of that, nobody has paid for the party!

Question: In view of the big rally on Wall Street, have you revised your thinking anywhere along the line?

Answer: Yes, in one area. In recent Letters I wrote that I thought the market was ready to move into the third phase of the bear market. But there is often a big rally ("the rally that turns everyone bullish") separating the end of the second phase and the beginning of the third phase. I believe we're seeing that rally now on Wall Street. The third phase of the bear market still lies ahead.

Question: Now that the new tax bill has passed, what effect do you think it will have on the economy?

Answer: The tax receipts from the new bill will bring in about $20 billion to government coffers. That drop in the bucket will be spent so fast you'll never notice it. The net effect will be that the tax bill will hurt individuals and corporations, but it will mean little as far as the government deficit is concerned. The tax bill also ends Reaganomics as a meaningful concept.

CRITICAL 50% LEVEL: The 1973-74 bear market struck bottom on December 6, 1974 at a closing Dow value of 577.60. From that low a new bull market was born. The Dow climbed rapidly as the bull market extended. By September 21, 1981 the Dow had advanced to a closing high of 1024.01. The 1974-81 rise added a total of 446.41 point to the Dow. Dividing 446.41 by half, we see that the exact halfway level of the 1974-81 rise was 800.81.

All of which brings me to my studies of the 50% Principle. I have used this Principle for years in my attempts to gauge the strength (or weakness) of the market. The 50% Principle states the following: following an EXTENDED advance, we watch the inevitable downward reaction. If the reaction succeeds in holding above the halfway level of the preceding advance, that is a bullish sign. In that case it is reasonable to expect the price to ultimately approach or better the old high. But if the reaction (following an extended advance) breaks below the halfway level, that is a bearish manifestation, and in due time we can expect the price to approach the low from which the entire advance began.

Thus, the 50% Principle spot-lights the 800.81 level of the Dow. Although many analysts claim that the 800 level is a "phantom line," a "figment of Wall Street's imagination", I feel that the 800 level is critical. In view of the 50% Principle, I attach utmost importance to the Dow's performance at the 800 level.

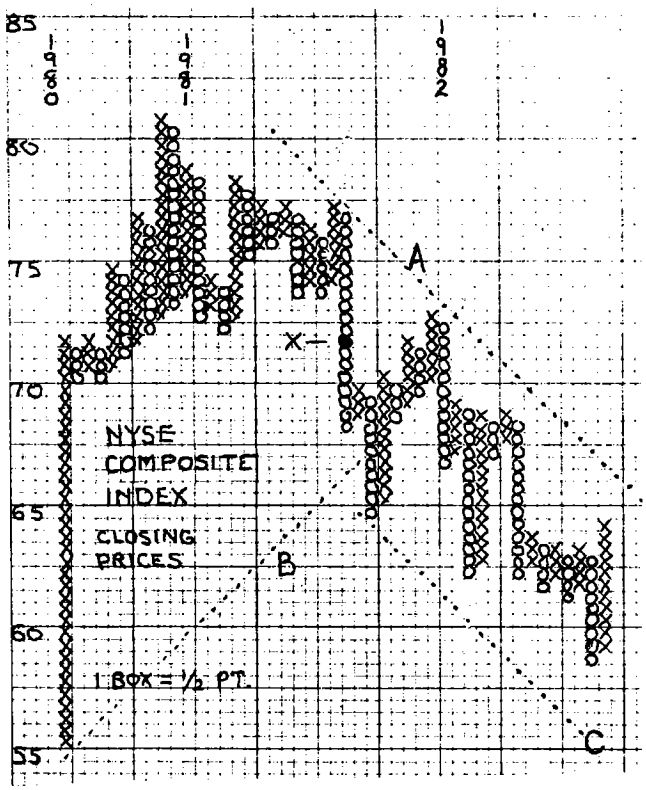
The Dow has flirted with the 800 level ever since last March, and the 800 level was temporarily penetrated by the Dow during March, June and July. On August 5 the Dow plunged below the 800 barrier, and by mid-August the Dow was 24 points below 800. As if frightened by its own predicament, the Dow on August 17 surged 38 points back above the critical 800 level. It's clear to see that a mighty technical struggle is occurring at and around Dow 800. The excruciating battle by the Dow to hold above the 50% level is now on–in deadly earnest!

NYSE INDEX: I use the page 4 point & figure chart as one of my main overall guides to the stock market. This Index covers ALL common stocks on the Big Board. The Index reflects changes in total market value (the Index is weighted for number of shares of each stock outstanding).

The NYSE Index topped out a value of 81 in 1980. At that time, the dominant trendline was the bullish trendline labeled B on the chart. But in August, 1981 (marked X on chart) the Index gave a major bear signal by smashing below preceding important low points. By September of 1981 the Index had fallen decisively below trendline B. A rally took the Index back to a value of 73 in November, 1981.

At this point, it is clear that the dominant trendline is the declining trendline marked A on the chart. From the November peak at 73, the NYSE Index turned down again. The Index tumbled irregularly lower all during 1982. By August, the Index recorded a bear market low of 59.

I have now drawn a declining trendline C, which runs parallel to trendline A. I would expect the NYSE Index to stay within this trendline during most rallies and declines as the bear market wears on. Ultimately, my guess is that the Index will plunge below trendline C in a final exhaustive swoon. This kind of action could signal the end of the bear market.



CURRENCY SHOCKS: About two years ago I began my series of predictions to the effect that "The dollar will be king!" Month after month various experts have come forth to state that the bull market in the dollar was a fake, an aberration, a transitory mistake. But the dollar continued to be STRONG.

Then a few months ago when interest rates turned down in the US, a whole new series of warnings erupted. "The only thing keeping the dollar up is high interest rates, and with interest rates coming down the dollar should collapse." The only thing is that the dollar didn't collapse, it turned even stronger as interest rates eased.

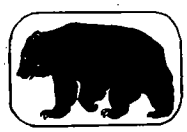
What's happened? Why has the dollar remained so stubbornly strong? Here's the main reason. For twenty years most of the world has been borrowing dollars and financing their business on "cheap dollars that will become ever cheaper." The theory was this: you borrow dollars to put up a factory or to buy machinery and you pay off in a year or five or ten years with depreciated dollars. Clever, wasn't it?

The long-talked about "glut" of dollars, the so-called "dollar overhang" has become a "dollar underhang." The fact is that all those billions that have been borrowed against the dollar over the past twenty years now constitute a GIGANTIC SHORT POSITION AGAINST THE DOLLAR. That money is coming due now, and it's resulted in a persistent, an overwhelming demand for dollars.

In the meantime business has fallen apart in the US. The Fed, panicking as it assumed that it had over-stayed its anti-inflation stand, has pushed short-term interest rates down to the floor. The bond market followed, and then common stocks. But that didn't end the story.

On top of all this, many "less-developed nations" and Comecon countries are now having trouble rolling over their debt. Worse, they are having trouble even servicing (paying interest on) their debt. Western banks are loaded with this "trash debt," US banks to the tune of $208 billion in foreign debt. All this debt is a call on additional dollars and dollar credits.

This "fear of international bankruptcy" has brought on a new phenomenon–the rush to diversify out of the world banking system. Result, panic buying of US Treasury debt, gold, blue chip stocks. It's fear on an international scale, and we can expect the markets to become more restless and violent than ever (see Notes & Quotes).

INVESTMENT POSITION:  The scarcest commodity in America is liquidity, the scarcest commodity in Washington is honesty, the scarcest commodity in business is brains, the scarcest commodity on Wall Street is patience. Right now we're dealing with patience. The market is well off its August 12 low, it's somewhat hysterical, but it's going to simmer down.

My work says it's still a primary bear market. I haven't a thing to prove or suggest otherwise. We, as investors, have one major tool, and that's our capital. The market is always there, but unfortunately that's not true of our capital. If we behave like impatient fools, we can lose our capital. Then we're like carpenters without tools–we're licked.

My strategy is to bring my subscribers through this bear market with their capital intact. So far, I've been successful. Stay with roughly 75% in T-bills or a government type money market fund–with the rest in 5-10 year government notes. And be patient. We're well ahead of the game.

NOTES & QUOTES: People in San Diego (just north of the Mexican border) are very sensitive to the Mexican economy and the value of the peso. As noted here recently, the Mexican economy is in deep trouble, inflation in Mexico is running at an above-60% rate, the price of tortillas (the equivalent of bread in the US) has just doubled, and the peso has suffered its second devaluation. With the peso now down to around 120 to the dollar, the current San Diego gag is, "A peso for your thoughts." But it's not a gag in Mexico, it's a tragedy. The buying power of the average Mexican (always low) has collapsed.

> Indeed, this latest devaluation created incredible dollar bargains:
>
> — Twenty cents for a beer.
>
> — A soft drink for 15 cents.
>
> — A steak dinner for $3.50, including tip.
>
> — Movie tickets for 50 cents.
>
> A public phone call costs a small fraction of a penny, and a subway ride runs 1½ cents.
>
> "Mexico is for sale," a government economist gleefully said of the devaluation. "There are vacation bargains galore. A reinvigorated tourist market just might be the little engine that gets our economy going again."
>
> Inflation had driven up prices for air flights and hotel rooms, making it too expensive for many to travel here.
>
> The above from the August 20 San Diego Union.

* *

The money management game has never been easy as the rules of the game are constantly changing. This piece from the August 9 *New York Times* gives you an idea of what's happening today. And it makes sense.

DURING the bear market of the early 1970's, money managers were pleased if they "outperformed" the stock market, even if they lost, say, a third of client assets, so long as prices overall were down more.

These days aggressive money managers don't crow unless their performance exceeds the remarkable returns available in money market instruments in this time of high interest rates. That's because clients can equal those returns by buying those securities directly.

Barton M. Biggs, a managing director of Morgan Stanley, recently wrote about the "new breed of sophisticated, rational money manager."

He said these new managers collect "14 percent or so" in money market instruments and supplement that with gains from short-term forays into stocks and bonds. This can increase total annual returns by 5 percent to 10 percent.

•

Such managers, Mr. Biggs said, will buy bonds when valued at less than face amount and stocks when the Dow Jones industrial average is "around 800." In their forays, they commit a third or so of assets to stocks or bonds — never more than two-thirds — and are quick to retreat to the money market because the risk of a slide in long-term financial asset prices is believed greater than a move to a "new, higher plateau."

Managers of pooled funds can attest to risks in stocks and bonds.

* *

Euromoney is a sophisticated magazine devoted to the European money market. The current issue bears the cover story, "The Great Rescheduling Scare–Default." It's a fascinating and frightening article, and for the edification of my subscribers I include three paragraphs of that article below (this article was published before the Mexican mess hit the headlines):

When the medium-term credit markets are closed to them, countries behave like corporations with cash flow problems: they borrow short. In 1982, the developing countries have been doing just that. On our estimates (see table) some 20 of them will not make it through the year. For the Euromarkets, this is the year of the rescheduling.

LDCs must repay, or roll over, loans totalling $140 billion in 1982. There is a better than even chance that at least $28 billion will still be outstanding when the year ends; assets that will sit, or lie, on banks' balance sheets until they are rescheduled. That amount would swallow more than the combined shareholders' funds of the six largest banks in the world, and it is the highest in Euromarket history. In 1981, by comparison, only $10.8 billion was rescheduled. And it will be worse still in 1983; worse again in 1984.

The problem is at its most acute in Latin America; not, as you might think, in Comecon where the publicity spotlight has fallen. With the door of the medium-term markets closing in their faces, Latin American nations have been forced to borrow short. In the first half of 1981, short-term borrowing was 41% of the total. In the second half, the proportion had risen to two-thirds. This year, it is believed to be worse.

* *

Spending binge–you bet. Aside from the built-in boosts in entitlements, the military will add to the financial problems. Here are a few tid-bits from an August 3 New York Times article:

WASHINGTON, Aug. 2 — Senior Defense Department officials said today that the Reagan Administration was undeterred by vocal Congressional opposition to military spending and that they were close to completing a 1984 military budget calling for about $247 billion in outlays.

That would represent an 11 percent increase in real growth, excluding inflation, over projected spending of $209 billion in the 1983 military budget now before Congress. With inflation counted in, the new military budget would be about 17.3 percent higher.

From my military expert, Mr. Melvin Lippman of La Jolla: 50% of the entire military budget of the US now goes for salaries and another 15% goes for military pensions. "You can't mean it, " I retorted, "almost two-thirds of our entire military budget goes for salaries and pensions and only one-third for hardware?" He shook his head, "That's right, but don't tell anyone."

* *

I'll be speaking in NYC at the big investment seminar at the Waldorf (NY 1V) sponsored by Investment Seminars. I haven't received the brochures yet, but there will be a large and most interesting group of speakers. For full information, call 1-813-955-0323 (more in next Letter). I can never resist NYC in September, and after all, it is my home town (although after 21 years here I'm beginning to feel like a Californian).

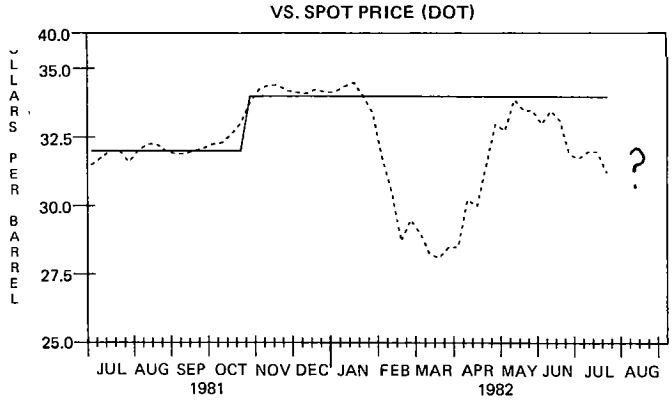
* *

The most important price of the year may well be the spot price of crude oil. This chart (from Manufacturers Hanover) shows the Arabian "official price" vs. the spot market price. The question: with precious metals down 60% (gold) to 85% (silver), with commodities down across the board, can the spot market for oil hold? No one knows, but we do know one thing–OPEC production, which was down to 15.9 million barrels per day in April, is back to 18.5 million barrels today.

Why is the oil price so important? One reason is that the banks have lent out billions of dollars to oil companies, much of this on the premise that oil prices would move ever-higher. Already two banks with heavy oil loans (Penn Square and Abilene National) have gone under. But if oil prices crack, the bank troubles will first begin. So the stakes in the price of oil are huge. And many bankers are praying that the price of oil can hold in a deflating market.

The squib below is from an oil article in the August 11, WSJ:

CRUDE OIL: ARABIAN LIGHT OFFICIAL PRICE (LINE) VS. SPOT PRICE (DOT)



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Intelligent and knowledgeable people are now actively trying to cut most of the sugar, salt and animal fats out of their diets. The case against these three is building impressively. The average American now consumes roughly 20 times the salt needed for a healthy diet. But it's next to impossible to eliminate this sodium. Almost all canned goods, most processed food, cakes, ice cream, juices, condiments, hot dogs, hamburgers, you name it–are simply loaded with salt.

Del Monte has announced that they are coming out this fall with a low or no-salt selection of canned goods. Up to now, you had to go to the "diet section" of the supermarket and pay outrageous prices for low salt items. So I congratulate Del Monte, and I hope that this is a coming trend among food suppliers. Because the amounts of salt now being sold in American food products is a national disgrace. May I suggest that all my subscribers learn to live on a low salt diet. I do. You'll not only lose weight, you'll be far healthier!

* *

I thought this quote from Eliot Janeway's latest Janeway Letter (15 East 80 St. NYC 10021) was particularly interesting and well worth quoting: "Financing a Bailout: The Fed is trying to bail out the banks and their biggest customers. It is collapsing short-term rates, with a powerful assist from the collapse in credit demand and the rush of frightened money to safety in Treasury bills. The Fed will find out, however, that it's easier to start a depression than to stop one. All it can do is to refinance the banks in the same way that it is about to refinance the Treasury: by monetizing new debt. This will hold the sheriff at bay. The price paid will be a massive injection of new inflation into a burned out economy. For now, however, long-term rates are dropping in sympathy with short-term rates. This is a false move. Rates will rise again when the full force of the Treasury's borrowing needs hit the markets next month."

LATE NOTES: Ever since the bear market started, I have offered the following advice: "Forget trying to beat the bear with short sales and puts. Experience has shown me that MOST people lose money on the short side." Why? Difficulty in timing, the current tax set-up, personal anxiety generated on the short side, sudden explosive rallies in the bear market–all these things tend to make shorting and buying puts a losing proposition. YOU DON'T BEAT A BEAR MARKET, YOU SURVIVE IT. After last week's rally, I guess most subscribers can see what I was driving at.

Last week's rally will obviously go down as one of the most dramatic bear rallies in stock market history. Going through the charts I can find bigger rallies (such as November, 1929 to April, 1930) but few more explosive. In August, 1939 the Dow roared from 132 to 155 (17%) in a matter of 14 trading days. It then went flat for 7 months and crashed in May, 1940. The early 1974 spike took the Dow from 801 to 891 in 21 days–following which the market crashed to the 574 low of October. There's nothing as explosive as a rally in an over-sold bear market. Of course no one can predict when such a rally will arrive, and only a fool would try.

Note: since writing the front page I have received the 2nd quarter earnings for the Dow. First quarter 14.82, second quarter 18.26. At that rate total earnings for the year would come through at around 60-70 dollars. Total Dow earnings for 1980 were 121.86, for 1981 they were 113.71.

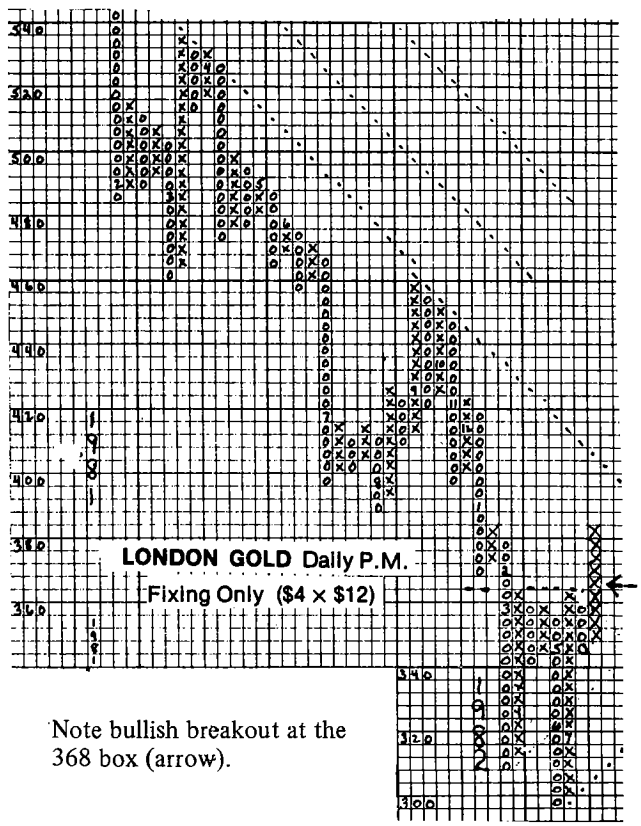
GOLD: Subscribers know that I have felt that 295 represented THE low for gold. Since 295 I have presented mounting technical arguments to the effect that a new bull market has started in gold. I don't know how big the bull market will be. I don't know whether gold will ultimately hurdle the old 850 peak. But I do believe a new bull market has started.

In Letter 838 (June 30) I showed how the gold bear market halted exactly on the long-term trendline that connects the 1971 and 1976 bottoms. In Letter 830 I pictured gold's momentum breaking out to the upside. In Letter 840 I showed the gold/common stock ratio breaking out in favor of gold, and I stated that all major gold advances have started during those periods when gold was acting superior to common stocks on a relative strength basis. In the last Letter I included a point & figure chart of gold, noting that a price of 368 would constitute a new bull signal for gold.

Last week gold hit 368, then continued rising to the 385 level (London fix). The current 5-week moving average for gold is 346, the 13-week MA is 339, and the primary or 50-week MA is 371. Gold has now climbed above its 50-week MA. This is obviously bullish. The final bullish move will come when the 13-week MA pushes above the 50-week MA.

My charts and technical work remains bullish on gold. My suggestion: own gold coins, plus a simple play in ASA or Campbell Red Lake or both.

Why? Why? I don't know why gold is bullish, but it may not be potential inflation. It could (as I have so often suggested) represent a flight from paper, a flight from the banking system. Remember, if you are truly rich, if you have $10 million, you put a million in gold–just in case! If the rich do it, why not you and me?



Note bullish breakout at the 368 box (arrow).

NEXT MAILING: Sept. 9